



DEPARTMENT OF THE NAVY

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20350-1000

SECNAVINST 5755.2A
ASN(RD&A)

16 September 1999

SECNAV INSTRUCTION 5755.2A

From: Secretary of the Navy

Subj: DEPARTMENT OF THE NAVY MUSEUM EXCHANGES

Ref: (a) 10 U.S.C. § 2572(b)
(b) DOD 4140.1-R of 20 May 98 (NOTAL)
(c) DOD 4160.21-M of 18 Aug 97 (NOTAL)
(d) SECNAVINST 5755.1A of 30 July 92 (NOTAL)
(e) MCO P5750.1G w/CH (NOTAL)
(f) OPNAVINST 13000.6 of 12 May 95 (NOTAL)
(g) 22 CFR Part 121
(h) SECNAV memo of 8 Mar 95 (NOTAL)

1. Purpose. To reissue Department of the Navy policy governing exchanges under reference (a), which are called museum exchanges. This is a complete revision and should be read in its entirety.

2. Cancellation. SECNAVINST 5755.2 and report symbol SECNAV 5755-1.

3. Scope. Museum exchanges involve ownership transfers of certain Department of the Navy materiel for assets or services that directly benefit the historical collections of the armed forces using the specific statutory authority under reference (a). The Office of the Secretary of Defense issued implementing policy guidance, references (b) and (c), that directs each military department to issue its own policy and procedures. This policy applies to all Department of the Navy activities involved in museum exchanges, including the Director of Naval History; the Director, Marine Corps History and Museums Division; and all Department of the Navy museums. Authority and responsibilities assigned in references (d) and (e) are not otherwise altered by this instruction.

4. Exchange Authority and Policy. References (a), (b) and (c) provide that:

a. Exchanges may be arranged with an individual, organization, institution, agency, or nation. An exchange with a foreign entity requires prior coordination with the Department of State.

b. Museum exchanges may be approved when they directly benefit Department of the Navy historical collections, except that an exchange or a series of exchanges shall not be approved

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when it would have a significant adverse impact on the commercial market.

c. Exchanges shall not be approved when the monetary value of the property or services provided to the Government is less than the value of property transferred by the Government. However, the exchange approval authority may waive this provision if a determination is made that the asset or service to be received will significantly enhance the Department of the Navy historical collection.

d. The Department of the Navy may accept the following assets or services through an exchange:

- (1) similar items;
 - (2) conservation supplies, equipment, facilities, or systems;
 - (3) search, salvage, or transportation services;
 - (4) restoration, conservation, or preservation services;
- or,
- (5) educational programs.

e. The Department of the Navy may transfer the following types of property held by the Navy through an exchange: books, manuscripts, works of art, historical artifacts, drawings, plans, models, and condemned or obsolete combat materiel, when such assets are no longer needed by the Department. Historical firearms manufactured prior to 1898 may also be exchanged, reference (c). Complete firearms (small arms or automatic weapons) and registered receivers manufactured after 1898 may not be exchanged under this authority. Assets offered for exchange are subject to the following provisions:

(1) Assets shall be exchanged "as-is, where-is." Except for cost incurred for Department of the Navy valuation, costs resulting from exchanges of condemned or obsolete combat materiel, such as demilitarization and transportation costs, will be borne by the recipient. Property may not be repaired, modified, or changed at Government expense to specifically improve its exchange value after an exchange has been initiated, over and above normal preparation for handling and movement, even

if reimbursement is offered for services rendered. Property may not be moved at Government expense to a recipient's location or to another location closer to the recipient to prevent or lessen the recipient's processing or transportation cost. All actions relating to physical processing of the property for exchange shall either be accomplished by or arranged for by the recipient. The recipient shall pay all applicable charges before release of the property;

(2) Assets must be officially recorded and accounted for as Department of the Navy property before they are exchanged;

(3) Military departments should avoid stockpiling condemned or obsolete combat materiel in anticipation of future exchanges. Excess items that cannot be exchanged within a 2-year period should be processed for disposal, in accordance with reference (c).

(4) The Department of the Navy will ensure appropriate DEMIL of the property as prescribed in reference (c) before release. In the case of aircraft, if standard DEMIL criteria cannot be applied without destroying the display value, specific DEMIL actions (such as aircraft structural cuts) may be delayed, however, lethal systems (e.g., explosive devices) must be neutralized. The recipient must agree to assume responsibility for the property DEMIL action, at no cost to the Government, when the item is no longer desired or authorized for display purposes.

(5) Aircraft, aircraft engines, or aircraft components are considered condemned or obsolete combat material for purposes of this instruction. For exchanges involving aircraft, aircraft engines, and aircraft components:

(a) Such assets must be designated available for exchange by Commander, Naval Inventory Control Point (NAVICP), Philadelphia, before they are proposed for exchange, reference (f);

(b) The exchange agreement must explicitly notify an exchange recipient that the Department of the Navy cannot provide air worthiness certification and that the recipient must obtain such certification from the Federal Aviation Administration prior to aircraft or components being returned to flight status.

(c) Compliance with Department of Defense policy

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regarding transfer of Flight Safety Critical Aircraft Parts (FSCAP), references (b) and (c), is required. If the aircraft or FSCAP have been crash-damaged or similarly compromised, the aircraft, engines, or components may not be exchanged, unless the FSCAP parts have been removed from the aircraft or component prior to exchange. Waivers to FSCAP documentation requirements may be considered on a case-by-case basis and are restricted to the following types of exchanges: (1) "display-only" property (not parts) and (2) vintage aircraft; waivers shall apply only to the exchange of whole aircraft, aircraft engines, and aircraft components. The exchange agreement must explicitly cite the lack of documentation. If exchanged for static display, the part shall be indelibly marked to identify the limitation.

(d) Exchanges must comply with Department of Defense policy regarding appropriate log books and maintenance records that must accompany the aircraft, engine, or components, reference (c).

5. Definitions. The following definitions apply:

a. Condemned combat materiel: Arms, ammunition or implements of war, cited on the U.S. Munitions List, reference (e), if their condition makes them no longer usable by the military services. Similar items may be in the operational inventory, but specific items may be condemned due to circumstances such as damage or wear and tear.

b. Obsolete combat materiel: Arms, ammunition or implements of war, cited on the U.S. Munitions List, reference (g), that have been phased out of operational use; if replaced, the replacement items are of more current design or capability.

6. Approval Authority. By reference (h), the Assistant Secretary of the Navy (Research, Development, and Acquisition (ASN(RD&A))), has authority to approve exchanges under reference (a). ASN(RD&A), or designee, approves exchanges for the Department of the Navy, except for the following instances, in which approval authority is further delegated, subject to compliance with the provisions of this policy:

a. Authority to approve exchanges of eligible Department of the Navy assets, except for condemned or obsolete combat materiel, in which the aggregate value of all government-owned assets is less than \$25,000, is delegated to the Director of

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Naval History or the Director, Marine Corps History and Museums Division, respectively, for museums under their cognizance.

b. Authority to approve exchanges of eligible aircraft, aircraft engines, or aircraft components in which the aggregate value of all government-owned assets involved is less than \$1 million is delegated to Commander, Naval Inventory Control Point (NAVICP), Philadelphia, who may re-delegate this authority. Exchanges of aircraft, aircraft engines, or aircraft components in which the aggregate value of all government-owned assets involved is equal to, or exceeds, \$1 million shall be processed by NAVICP in the same manner, but shall be forwarded to ASN(RD&A) for final approval.

c. Authority and appropriate organizational responsibilities may be delegated for exchanges not covered by paragraphs a or b above on a case-by-case basis, when such an exchange is proposed.

7. Action. Each cognizant Department of the Navy exchange approval authority shall establish a process to review proposed exchanges prior to approval and to execute exchange agreements: The process shall include:

a. Sponsorship by a Department of the Navy museum which supports the exchange. Sponsorship shall include authority to identify, investigate, or review proposed assets or services for desirability to the museum, including assets or services offered by a member of the public. Sponsorship shall not include authority to enter agreements or make commitments or promises, whether formal or informal, with respect to any such asset or service;

b. Concurrence by Director of Naval History or Director, Marine Corps History and Museums Division that museum-identified assets or services sought should be acquired under reference (a);

c. Legal and financial review by personnel not directly involved in museum operations;

d. A procedure to ascertain and document the value of assets given and assets or services received in exchange transactions;

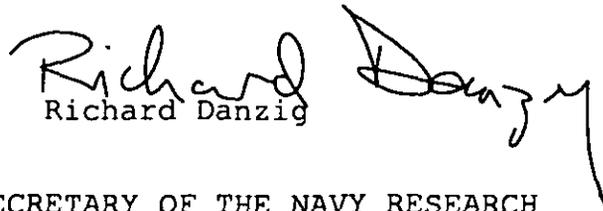
e. A determination that the asset to be given in an exchange

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is not needed for operational requirements of the other services. This may be determined by screening with the Defense Reutilization and Marketing Service, or by contacting the appropriate wholesale inventory management or weapon system management organization. When it is unlikely that the asset in question will be needed by another service, formal screening may be omitted.

f. Written exchange agreements shall be prepared with legal review as required in this instruction and shall be executed and administered by a warranted contracting officer after proper approval. Chapter 6, reference (c), provides a recommended format. All documentation required by reference (c), including Certificates of Compliance with Title VI of the Civil Rights Act of 1964, must be finalized before release of Navy property.

g. As to exchanges valued at greater than \$25,000, advance notification to the public at large of assets available for trade and the assets or services sought by trade. Notification methods will include, at a minimum, publication in the Commerce Business Daily, although, alternate notification resources may also be used to enhance public awareness. A reasonable period will be allowed for responses prior to exchange approval.


 Richard Danzig

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